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BENARES HOTELS LIMITED

34th ANNUAL REPORT 2004 - 2005



Taj Ganges
Varanasi

Corporate Information

Board of Directors

DR. ANANT NARAIN SINGH
(Chairman)

SHRIRAMAN

RUKMANI DEVI

A. R. GANDHI

B. L. PASSI

B. D. NARIMAN

JAMSHED DABOO

DEEPA MISRA HARRIS

DIGVIJAY CHAND

(Alternate to Mrs. RUKMANI DEVI)

Company Secretary

P. K. Bhatia

Auditors

N. Krishnaswamy and Company,
Chartered Accountants,
71A, Kashi Raj Apartments,
Kamachha, Varanasi - 221001

Registered Office

Nadesar Palace Compound,
Varanasi-221 002.
Phone : 0542-2503001

Registrar and Share Transfer Agent

Tata Share Registry Limited
Army & Navy Building
148, Mahatma Gandhi Road
Fort, Mumbai-400 001
Phone : 022-56568484
Fax: 022-56568496

Corporate Information

Board of Directors

DR. ANANT NARAIN SINGH
(Chairman)

SHIKHARAN

RUKMANI DEVI

A. R. GANDHI

N. L. JASSI

H. D. NARAYAN

JAMSHED DABOO

DRETA MISRA HARRIS

DIGVIJAY CHAND

(Alternate to Mrs. RUKMANI DEVI)

Company Secretary

P. K. Bhalla

Auditors

M. Krishnaswamy and Company

Chartered Accountants

1/A, Keshavnagar Apartment,

Kamachhi Varanasi - 221001

Registered Office

Nalini Park Compound,

Varanasi-221 002

Phone : 0542-2508001

Registrar and Share Transfer Agent

The Share Registry Limited

Army & Navy Building

148, Mahatma Gandhi Road

Fort, Mumbai-400 001

Phone : 022-26588484

Fax: 022-26588496

Shares Listed at

THE STOCK EXCHANGE, MUMBAI
 Phiroze Jeejeebhoy Towers
 Dalal Street
 Mumbai - 400 001

**THE DELHI STOCK EXCHANGE
 ASSOCIATION LTD.**
 3/1, Stock Exchange Building
 Asaf Ali Road
 New Delhi - 110 002

**THE UTTAR PRADESH STOCK
 EXCHANGE ASSOCIATION LTD.**
 Padam Towers
 14/113, Civil Lines
 Kanpur - 208 001

HIGHLIGHTS	2004-05 (Rs. Lacs)	2003-04 (Rs. Lacs)
Gross Revenue	1,532.17	1,298.42
Profit Before Tax	413.13	273.44
Profit After Tax	272.69	180.71
Dividend	110.50	104.00
Retained Earnings	344.84	130.67
Funds Employed	1,624.77	1,483.85
Net Worth	1,464.76	1,318.07
Debt : Equity Ratio	0.00:1	0.00:1
Net Worth Per Equity Share (Rs. 10/- each)	Rs. 112.67	Rs. 101.39
Earnings (EAT) Per Equity Share (Rs. 10/- each)	Rs. 20.98	Rs. 13.90
Dividend Per Equity Share (Rs. 10/- each)	Rs. 8.50	Rs. 8.00
	85%	80%

Notice to the Members

Notice is hereby given that the Thirty Fourth Annual General Meeting of the Members of BENARES HOTELS LIMITED will be held at the Registered Office of the Company at Nadesar Palace Compound, Varanasi-221 002, on Monday, 25th July, 2005 at 5.00 p.m. to transact the following business :

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 2005 and the Balance Sheet as at that date.
2. To declare a dividend.
3. To appoint a Director in place of Mr. B.L. Passi who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Ms. Deepa Misra Harris who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mrs. Rukmani Devi who retires by rotation and is eligible for reappointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

7. To place the Secretarial Compliance Certificate obtained pursuant to Section 383A of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rules, 2001.

NOTES

- (a) The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Item No. 7 is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED TO THE COMPANY, DULY COMPLETED, NOT LESS THAN 48 HOURS BEFORE THE ANNUAL GENERAL MEETING.
- (c) Members are requested to intimate to the Company, changes, if any, in their registered address alongwith Pin Code Number. Members whose shareholding is in demat form are requested to send the intimation for change of address to their respective depository participant(s).
- (d) The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 15th July, 2005 to Monday, 25th July, 2005 (both days inclusive).
- (e) The dividend as recommended by the Directors for the year ended 31st March, 2005, if passed at the meeting, will be made payable on or after Friday, the 5th day of August, 2005 to those members whose names appear on the Register of Members of the Company on Friday, the 15th day of July, 2005. As regards shares held in electronic form, the dividend will be payable to the 'beneficial owners' of shares whose names appear in the statement of Beneficial Ownership furnished by the Depositories as at the end of business hours on 14th July, 2005.

- (f) Members who are holding shares in identical order of names in more than one folio are requested to write to the Company for consolidating their holding in one folio.
- (g) Pursuant to Section 205C of the Companies Act, 1956, all unclaimed/unpaid dividends for a period of 7 years from the date of transfer to the 'Unpaid Dividend Account' are required to be transferred by the Company to the "Investor Education and Protection Fund" established by the Central Government. Accordingly, the unclaimed dividends paid for the financial year ended 31st March, 1998, shall be transferred by the Company to the said Fund on the due date in 2005. Members are advised that once the unclaimed dividend is transferred to Investor Education & Protection Fund, no claim shall lie in respect thereof.
- (h) Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.

By order of the Board of Directors
of BENARES HOTELS LTD.

P. K. BHATIA
Company Secretary

Place : Mumbai
Date : 26th May, 2005

Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956

The following Explanatory Statement sets out all material facts relating to the business under Item No. 7 mentioned in the accompanying Notice dated 26th May, 2005.

Item No. 7

Pursuant to Section 383A of the Companies Act, 1956, the Company has obtained the Secretarial Compliance Certificate from Mr. Arvind Kohli, Company Secretary in Practice. In terms of the Companies (Compliance Certificate) Rules, 2001, the aforesaid certificate is to be laid in the Annual General Meeting of the Company. The said certificate is attached to the Directors' Report.

By order of the Board of Directors
for BENARES HOTELS LTD.

P. K. BHATIA
Company Secretary

Place : Mumbai
Date : 26th May, 2005

Directors' Report to the Members

The Directors hereby present the Thirty Fourth Annual Report of the Company together with the Audited Statements of Account for the year ended 31st March, 2005.

OPERATING AND FINANCIAL RESULTS

	2004-05 (Rs./Lacs)	2003-04 (Rs./Lacs)
Income	1,532.17	1,298.42
Operating Expenses	1,046.88	957.70
Gross Operating Profit	485.29	340.72
Less : Depreciation	72.16	67.28
Profit before tax	413.13	273.44
Less: Provision for Tax on Profits		
Current Tax	147.50	85.00
Deferred Tax	(7.06)	7.73
Net Profit	272.69	180.71
Add : Balance brought forward from previous year	52.99	24.60
Balance available for appropriations	325.68	205.31

APPROPRIATIONS :

(a) A dividend @ 85% i.e. Rs. 8.50 per equity share (previous year 80% i.e. Rs. 8.00 per equity share) on 13,00,000 Equity Shares, which, if approved by the Shareholders at the Annual General Meeting to be held on Monday, the 25th day of July, 2005, will be paid out of the provision for dividend	110.50	104.00
(b) Tax on Dividend	15.50	13.32
(c) Amount transferred to :		
(i) Foreign Exchange Earnings Reserve	—	15.00
(ii) General Reserve.....	30.00	20.00
(d) Balance carried forward	169.68	52.99

OPERATIONS :

The growth of tourism industry in India during the year contributed to the Company achieving a significantly improved performance over the previous year. The Directors hope that this trend shall continue and with the proposed renovation of rooms and facilities in the hotel, the Company shall further improve its performance in the coming years.

DIVIDEND

Your Directors recommend the payment of dividend @ 85% (previous year dividend @ 80%) per equity share involving distribution of Rs. 110.50 lacs.

SECRETARIAL COMPLIANCE

In terms of Section 383A of the Companies Act, 1956, the Company has obtained the Secretarial Compliance Certificate from a Practising Company Secretary. A copy of the said Certificate is attached to this Report.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956.

The Company had no employees during the year who were in receipt of remuneration aggregating to :

- (a) Not less than Rs. 24.00 lacs for the year, if employed throughout the year; or
- (b) Not less than Rs. 2.00 lacs per month, if employed for part of the year.

DIRECTORS

In accordance with the Companies Act, 1956 and the Articles of Association of the Company, Mr. B.L. Passi, Ms. Deepa Misra Harris and Mrs. Rukmani Devi, Directors of the Company, are liable to retire by rotation and being eligible, seek reappointment.

During the year, Mr. Digvijay Chand ceased to be an Alternate Director to Mrs. Rukmani Devi on 25th August, 2004 and was again appointed as an Alternate Director to Mrs. Rukmani Devi on 29th October, 2004. Mr. Zubin Dubash resigned from the Directorship of the Company w.e.f. 07th October, 2004.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that-

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;

2. they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. they have prepared the annual accounts on a going concern basis.

AUDITORS

At the Annual General Meeting, the Members will be required to appoint the Auditors for the current year and fix their remuneration.

FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 the information relating to foreign exchange earnings and outgo is in Notes No. 6 and 5 respectively to the Balance Sheet and Profit and Loss Account.

ACKNOWLEDGEMENTS

The Directors record their grateful appreciation of the cooperation and efforts of all the members of the staff that made possible the results achieved by the Company.

On behalf of the Board of Directors

DR. ANANT NARAIN SINGH
Chairman

Place : Mumbai
Date : 26th May, 2005

ANNEXURE TO DIRECTORS' REPORT

Compliance Certificate

To
The Members
Benares Hotels Limited
Nadesar Palace Compound
Varanasi 221 002

We have examined the registers, records, books and papers of Benares Hotels Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on March 31, 2005. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its Officers and Agents, we certify that in respect of the aforesaid financial year :

- (1) The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
- (2) The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
- (3) The company being a public company, no comments are required to be made.
- (4) The Board of Directors duly met 5 times on May 18, 2004, July 29, 2004, August 25, 2004, October 29, 2004 and January 28, 2005 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed, including the circular resolutions passed, in the Minutes Book maintained for the purpose.

- (5) The company closed its Register of Members from August 17, 2004 to August 24, 2004 and necessary compliance of section 154 of the Act has been made.
- (6) The Annual General Meeting for the financial year ended on March 31, 2004 was held on August 25, 2004 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- (7) No extra ordinary meeting was held during the financial year.
- (8) The company has not advanced any loan to its directors and/or persons or firms or companies referred to in the section 295 of the Act.
- (9) The company has not entered into any contract falling within the purview of section 297 of the Act.
- (10) The company has made necessary entries in the register maintained under section 301 of the Act.
- (11) As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approval from the Board of Directors, Members and previous approval of the Central Government.
- (12) The Board of Directors or duly constituted Committee of Directors has approved the issue of duplicate share certificates.
- (13) The Company has :
 - (i) delivered all the certificates on allotment of securities and on lodgement thereof for transfer / transmission or any other purpose in accordance with the provisions of the Act;
 - (ii) deposited the amount of dividend declared in a separate Bank Account

on August 27, 2004, which is within five days from the date of declaration of such dividend;

- (iii) paid/posted warrants for dividends to all the members, on September 04, 2004, which is within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company with Standard Chartered Bank, H 2 Connaught Place, New Delhi on October 01, 2004;
 - (iv) transferred amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years as applicable, to Investor Education and Protection Fund;
 - v) duly complied with the requirements of section 217 of the Act.
- (14) The Board of Directors of the company is duly constituted and the appointment of directors; alternate directors have been duly made; no additional directors and directors to fill casual vacancies were appointed during the financial year.
 - (15) The company has not appointed any Managing Director / Whole-time Director/ Manager during the financial year.
 - (16) The company has not appointed any sole-selling agent during the financial year.
 - (17) The company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year except approval of the Central Government, under section 211 (4), read with schedule VI part II, para 3(i)(a) to dispense with disclosure of contents in the Balance Sheet as received vide Order No 46/85/2005-CL-III dated March 28, 2005 for the Financial Years ending on March 31, 2005, March 31, 2006 and March 31, 2007.
 - (18) The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
 - (19) The company has not issued any shares, debentures or other securities during the financial year.
 - (20) The company has not bought back any shares during the financial year.
 - (21) The company has not redeemed any preference shares or debentures during the year.
 - (22) There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the financial year.
 - (23) The company has not invited or accepted any deposits including any unsecured loans falling within the purview of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the financial year.
 - (24) The Company has not made any borrowings during the financial year.
 - (25) The company has made loans and investments, in other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose and has

given no guarantees nor provided any securities to other bodies Corporate.

(26)The company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.

(27)The company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.

(28)The company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.

(29)The company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.

(30)The company has not altered the provisions of articles of association of the company during the year under scrutiny.

(31)There were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.

(32)The company has not received any money as security from its employees during the financial year.

(33)The company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

ARVIND KOHLI
Company Secretary
(CP No 2818)

Place : New Delhi
Date : May 26, 2005

ANNEXURE 'A'
(Registers as maintained by the Company)

Sr. No.	Particulars	Section Reference
1.	Members' & Directors' Minutes Book	192
2.	Register of Directors, Manager, Secretaries	303
3.	Register of Charges	143
4.	Register of Loans and Investments	372A
5.	Register of Members	150/151
6.	Register of Particular of Contracts	301
7.	Register of Transfer of Shares	108

ANNEXURE 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on March 31, 2005.

Sr. No.	Form No.	U/Section	Particulars	Due on	Filed on
1.	—	220	Balance Sheet etc March 31, 2004	24-09-2004	09-09-2004
2.	—	383A	Secretarial Compliance Certificate	24-09-2004	09-09-2004
3.	Sch. V	159	Annual Return August 25, 2004	24-10-2004	15-10-2004
4.	32	303(2)	Vacation of office of Alternate Director	24-09-2004	09-09-2004
5.	32	303(2)	Resignation of Director	07-11-2004	09-10-2004
6.	I	205(C)	Transfer of unpaid dividend to IEPF	27-11-2004	01-11-2004
7.	32	303(2)	Appointment of Alternate Director	28-11-2004	20-11-2004
8.	29	264	Consent of Director	28-11-2004	20-11-2004

Place : New Delhi
Date : May 26, 2005

ARVIND KOHLI
Company Secretary
(CP No 2818)

Auditors' Report to the Members

1. We have audited the attached Balance Sheet of Benares Hotels Limited, as at 31st March, 2005, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these Financial Statements based on our Audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit;
 - (ii) In our opinion, books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash flow statement

dealt with by this report are in agreement with the books of account;

- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash flow statement dealt with by this Report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of the written representations received from the Directors as on 31st March 2005, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2005, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;
 - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c. in the case of the Cash flow statement, of cash flows for the year ended on that date.

For and on behalf of
N. KRISHNASWAMY & COMPANY
Chartered Accountants

N. KRISHNASWAMY
Partner
Membership No. 4797

Place : Mumbai
Dated : 26th May, 2005

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our Report of even date)

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the Management during the year and there is a regular programme of verification which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed of any major part of the plant and machinery.
- ii. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. The company has not taken or given any loan from or to any companies covered in the register under section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- v. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices of the relevant time.
- vi. The company has not accepted any deposits from the public.
- vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education & protection fund, employees' state insurance, state insurance, income tax, sales tax, wealth tax, custom duty, cess and other material statutory dues applicable to it.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2005 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute, other than those disclosed in Schedule 8, Notes to the Accounts, Item 1 forming part of the financial statements.
- ix. In our opinion and according to the information and explanations given to us, the company has not taken any loan from any financial institution, bank or debenture holders or granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- x. In our opinion, the company is not a chit fund or nidhi mutual benefit society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xi. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report), Order 2003 are not applicable to the company.
- xii. The company has not given any guarantees for loans taken by others from banks or financial institutions.
- xiii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the

company, we report that no funds have been raised to finance short-term or long-term investment.

- xiv. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xv. During the period covered by our Report, the company had not issued any debentures.
- xvi. No money has been raised by public issues during the year under report.
- xvii. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For and on behalf of
N. KRISHNASWAMY & COMPANY
Chartered Accountants

N. KRISHNASWAMY
Partner
Membership No. 4797

Place : Mumbai

Dated : 26th May, 2005

Balance Sheet as at 31st March, 2005

	Schedule	Rupees	Rupees	Previous Year Rupees
SOURCES OF FUNDS				
1. SHAREHOLDERS' FUNDS				
(a) Share Capital	1	1,30,00,000		1,30,00,000
(b) Reserves and Surplus	2	13,34,75,665		11,88,06,665
Total			14,64,75,665	13,18,06,665
2. DEFERRED TAX LIABILITY (Net)			1,45,74,798	1,52,80,998
3. SHOP SECURITY DEPOSIT			14,26,330	12,96,871
TOTAL FUNDS EMPLOYED			16,24,76,793	14,83,84,534
APPLICATION OF FUNDS				
4. FIXED ASSETS				
(a) Gross Block	3	14,75,15,801		14,87,95,905
(b) Less : Depreciation		5,98,40,914		6,00,33,030
(c) Net Block		8,76,74,887		8,87,62,875
(d) Capital Work in Progress		42,92,359		42,19,630
			9,19,67,246	9,29,82,505
5. INVESTMENTS				
1003423.321 Units in Tata Floating Rate Short Term Institutional Plan-Daily Dividend			1,00,44,669	—
(NAV on 31.3.2005-Rs. 1,00,44,669)				
6. CURRENT ASSETS, LOANS & ADVANCES				
(a) Current Assets, Loans and Advances	4	9,12,25,190		8,19,95,191
(b) Less : Current Liabilities and Provisions	5	3,07,60,312		2,65,93,162
Net Current Assets			6,04,64,878	5,54,02,029
TOTAL FUNDS UTILISED			16,24,76,793	14,83,84,534
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS				
	8			

As per our Report of even date attached
For N. KRISHNASWAMY & Co.
Chartered Accountants

N. KRISHNASWAMY
Partner

Date : 26th May, 2005
Place : Mumbai

For and on behalf of the Board

DR. ANANT NARAIN SINGH Chairman
JAMSHED DABOO Director

P. K. BHATIA Company Secretary

Profit and Loss Account for the Year Ended 31st March, 2005

INCOME	Schedule	Rupees	Previous Year Rupees
1. Rooms, Restaurants, Banquets and Other Income	6	15,32,17,197	12,98,42,289
EXPENDITURE			
2. Operating and General Expenses	7	10,46,88,294	9,57,69,927
3. Depreciation		72,15,445	67,28,518
Total Expenditure		<u>11,19,03,739</u>	<u>10,24,98,445</u>
PROFIT BEFORE TAX		4,13,13,458	2,73,43,844
4. Less: Provision for Taxes			
Current Tax		1,47,50,659	85,00,000
Deferred Tax		(7,06,201)	7,72,813
		<u>1,40,44,458</u>	<u>92,72,813</u>
PROFIT AFTER TAX		<u>2,72,69,000</u>	<u>1,80,71,031</u>
5. Less : Amount Transferred to Foreign Exchange Earnings Reserve		—	15,00,000
6. Add : Balance Brought Forward from previous year ...		52,98,595	24,60,064
7. AMOUNT AVAILABLE FOR APPROPRIATIONS		<u>3,25,67,595</u>	<u>1,90,31,095</u>
8. APPROPRIATIONS :			
(a) Proposed Dividend		1,10,50,000	1,04,00,000
(b) Tax on Dividend		15,50,000	13,32,500
(c) Amount Transferred to General Reserve		30,00,000	20,00,000
(d) Balance Carried Forward to next year		1,69,67,595	52,98,595
TOTAL		<u>3,25,67,595</u>	<u>1,90,31,095</u>
Earnings Per Share (Basic/Diluted) Rupees		20.98	13.90
[Refer Note No.16 of Schedule 8]			
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	8		

As per our Report of even date attached
For **N. KRISHNASWAMY & Co.**
Chartered Accountants

N. KRISHNASWAMY
Partner

Date : 26th May, 2005
Place : Mumbai

For and on behalf of the Board

DR. ANANT NARAIN SINGH Chairman
JAMSHED DABOO Director

P. K. BHATIA

Company Secretary

Schedules forming part of the Balance Sheet

SCHEDULE '1' — SHARE CAPITAL

	Rupees	Previous Year Rupees
1. AUTHORISED		
15,00,000 Equity Shares of Rs. 10/- each.....	<u>1,50,00,000</u>	<u>1,50,00,000</u>
2. ISSUED, SUBSCRIBED AND PAID-UP		
13,00,000 Equity Shares of Rs. 10/- each.....	<u>1,30,00,000</u>	<u>1,30,00,000</u>

(Of the above, 1,08,000 Equity Shares of the face value of Rs. 10/- each were issued at par, otherwise than for cash)

Schedules forming part of the Balance Sheet

SCHEDULE '2' — RESERVES AND SURPLUS

	Rupees	Rupees	Previous Year Rupees
1. CAPITAL RESERVE			
Balance as per Last Account.....		86,250	86,250
2. GENERAL RESERVE			
a) Balance as per Last account.....	6,47,43,820		6,27,43,820
b) Add: Transferred from Profit and Loss Account ..	30,00,000		20,00,000
Total		6,77,43,820	6,47,43,820
3. INVESTMENT ALLOWANCE UTILISED RESERVE			
Balance as per Last account		5,00,000	5,00,000
4. FOREIGN EXCHANGE EARNINGS RESERVE			
a) Balance as per Last Account	15,00,000		17,00,000
b) Add: Transferred from Profit and Loss Account...	—		15,00,000
	15,00,000		32,00,000
c) Less: Transferred to Foreign Exchange Earnings Utilised Reserve Account.....	15,00,000		17,00,000
Total.....		—	15,00,000
5. FOREIGN EXCHANGE EARNINGS UTILISED RESERVE			
a) Balance as per Last Account	4,66,78,000		4,49,78,000
b) Add: Transferred from Foreign Exchange Earnings Reserve	15,00,000		17,00,000
Total		4,81,78,000	4,66,78,000
6. PROFIT AND LOSS ACCOUNT		1,69,67,595	52,98,595
TOTAL		<u>13,34,75,665</u>	<u>11,88,06,665</u>

28 Schedules forming part of the Balance Sheet
SCHEDULE '3' — FIXED ASSETS

FIXED ASSETS (At Cost)	GROSS BLOCK			DEPRECIATION			NET BLOCK As at 31.03.2005 Rupees
	As at 01.04.2004 Rupees	Additions Rupees	Deletions Rupees	As at 31.03.2005 Rupees	For the Year Rupees	Up to 31.03.2005 Rupees	
1. Land-Freehold	13,05,473 (13,05,473)	— (—)	— (—)	13,05,473 (13,05,473)	— (—)	— (—)	13,05,473 (13,05,473)
2. Buildings	4,60,59,073 (4,09,24,773)	30,02,053 (51,34,300)	56,500 (—)	4,90,04,626 (4,60,59,073)	7,54,499 (7,03,305)	83,75,144 (76,29,855)	4,06,29,482 (3,84,29,219)
3. Plant & Machinery	8,36,13,368 (7,28,41,458)	31,27,327 (1,09,62,972)	71,68,770 (1,91,063)	7,95,71,925 (8,36,13,368)	52,01,071 (47,89,648)	4,13,59,674 (4,28,40,637)	3,82,12,251 (4,07,72,730)
4. Furniture, Fixtures & Office Equipment	1,69,91,193 (1,64,32,636)	4,06,317 (5,58,557)	8,36,841 (—)	1,65,60,669 (1,69,91,193)	11,79,380 (11,57,019)	94,89,557 (90,26,495)	70,71,112 (79,64,699)
5. Vehicles	8,26,798 (8,26,798)	2,46,310 (—)	— (—)	10,73,108 (8,26,798)	80,496 (78,546)	6,16,539 (5,36,044)	4,56,569 (2,90,754)
6. Total	14,87,95,905 (13,23,31,138)	67,82,007 (1,66,55,829)	80,62,111 (1,91,063)	14,75,15,801 (14,87,95,905)	72,15,445 (67,28,518)	5,98,40,914 (6,00,33,030)	8,76,74,887 (8,87,62,875)
7. Capital work in Progress	42,19,630 (87,81,376)	72,729 (—)	— (45,61,746)	42,92,359 (42,19,630)	— (—)	— (—)	42,92,359 (42,19,630)
8. Grand Total	15,30,15,535 (14,11,12,515)	68,54,736 (1,66,55,829)	80,62,111 (47,52,809)	15,18,08,160 (15,30,15,535)	72,15,445 (67,28,518)	5,98,40,914 (6,00,33,030)	9,19,67,246 (9,29,82,505)

Notes :

- (1) Depreciation has been calculated on Straight Line Method.
(2) Figures in BRACKETS are for Previous Year.

Schedules forming part of the Balance Sheet

SCHEDULE '4' — CURRENT ASSETS, LOANS AND ADVANCES

	Rupees	Rupees	Previous Year Rupees
A. CURRENT ASSETS			
1. Inventories			
a) Stores and Operating Supplies	39,37,552		39,53,718
b) Food and Beverage (Valued at Cost and Certified by the Management)	<u>11,01,635</u>		<u>12,55,805</u>
		50,39,187	52,09,523
2. Sundry Debtors (Unsecured)			
a) Outstanding for a period exceeding six months			
Considered Good	23,71,114		27,64,399
Considered Doubtful	<u>25,60,141</u>		<u>14,79,205</u>
	49,31,255		42,43,604
b) Other Debts	<u>1,23,91,827</u>		<u>1,19,85,648</u>
	1,73,23,082		1,62,29,252
c) Less : Provision for doubtful debts	<u>(25,60,141)</u>		<u>(14,79,205)</u>
Total		1,47,62,941	1,47,50,047
3. Cash and Bank Balances			
a) Cash in hand	2,74,618		12,70,595
[Including Cheques in hand Rs. Nil (Previous Year Rs. 10,76,314/-)]			
b) Balances with Scheduled Banks			
(i) In Current and Cash Credit Accounts	97,52,098		69,14,299
(ii) In Fixed Deposit Account	<u>2,91,55,362</u>		<u>4,32,64,218</u>
Total		3,91,82,078	5,14,49,112
4. Other Current Assets		5,27,916	19,24,261
Total Current Assets		<u><u>5,95,12,122</u></u>	<u><u>7,33,32,943</u></u>
B. LOANS AND ADVANCES			
(Unsecured and Considered good)			
1. Deposit with Public Bodies and Others		21,79,259	13,03,697
2. Advances recoverable in Cash or in kind or for value to be received		80,58,780	33,00,828
3. Advance payment of Taxes (Net)		14,75,029	40,57,723
4. Deposits with Companies		<u>2,00,00,000</u>	—
Total Loans and Advances		<u><u>3,17,13,068</u></u>	<u><u>86,62,248</u></u>
C. TOTAL CURRENT ASSETS, LOANS & ADVANCES		<u><u>9,12,25,190</u></u>	<u><u>8,19,95,191</u></u>

Schedules forming part of the Balance Sheet

SCHEDULE '5' — CURRENT LIABILITIES AND PROVISIONS

	Rupees	Rupees	Previous Year Rupees
A. CURRENT LIABILITIES			
1. Sundry Creditors			
i) Total Outstanding dues of Small Scale Industrial undertakings.....	—	—	—
ii) Total outstanding dues of creditors other than Small Scale Industrial Undertakings	1,64,18,518		1,30,74,710
		1,64,18,518	1,30,74,710
2. Deposit from Suppliers.....		1,19,500	1,29,500
3. Dividend Warrants issued but not encashed...		16,22,294	16,56,452
Total Current Liabilities.....		<u>1,81,60,312</u>	<u>1,48,60,662</u>
B. PROVISIONS			
1. Proposed Dividend.....	1,10,50,000		1,04,00,000
2. Provision for Tax on Proposed Dividend.....	<u>15,50,000</u>		13,32,500
Total Provisions.....		<u>1,26,00,000</u>	<u>1,17,32,500</u>
TOTAL CURRENT LIABILITIES AND PROVISIONS.....		<u>3,07,60,312</u>	<u>2,65,93,162</u>

Schedules forming part of the Profit and Loss Account

SCHEDULE '6' - ROOMS, RESTAURANTS, BANQUETS AND OTHER INCOME

	Rupees	Rupees	Previous Year Rupees
1. ROOMS, RESTAURANTS, BANQUETS AND OTHER SERVICES			
(Including Sale of Food and Beverages Rs. 6,62,77,385/- Previous Year Rs. 5,76,98,374/-)		14,92,33,590	12,62,72,545
2. OTHER INCOME			
(a) Interest from Deposits with Other Companies (Gross) (Tax Deducted at Source Rs. 1,92,014/- Previous Year Rs. Nil/-)	19,05,529		—
(b) Interest from Bank (Tax Deducted at Source Rs. 2,02,589/- Previous Year Rs. 7,13,994/-)	12,87,075		29,99,811
(c) Dividend from Mutual fund	2,10,015		—
(d) Gain on conversion of Tata MIP cum Dividend Fund	33,638		—
(e) Miscellaneous Income	5,47,350		5,69,933
Total		<u>39,83,607</u>	<u>35,69,744</u>
TOTAL INCOME		<u><u>15,32,17,197</u></u>	<u><u>12,98,42,289</u></u>

Schedules forming part of the Profit and Loss Account

SCHEDULE '7' — OPERATING AND GENERAL EXPENSES

	Rupees	Rupees	Previous Year Rupees
1. OPERATING EXPENSES			
(A) FOOD AND BEVERAGE CONSUMED			
i Opening Stock	12,55,805		8,30,208
ii Add : Purchases	1,57,22,452		1,46,40,313
iii Sub Total	1,69,78,257		1,54,70,521
iv Less : Closing Stock	11,01,635		12,55,805
Total		1,58,76,622	1,42,14,716
(B) PAYMENTS AND PROVISIONS FOR EMPLOYEES			
i Salaries, Wages and Bonus	1,29,33,578		1,23,33,028
ii Company's Contribution to Provident Fund and Other Funds	13,90,758		12,08,083
iii Gratuity	5,59,378		6,27,000
iv Workmen and Staff Welfare Expenses	26,25,106		22,54,945
Total		1,75,08,820	1,64,23,056
(C) OTHER OPERATING EXPENSES			
i Stores and Supplies	33,33,296		36,98,441
ii Fuel, Power and Light	1,46,66,202		1,45,45,665
iii Reimbursement of expenses on personnel deputed to the Company	39,10,360		36,26,647
iv Repairs to Building	40,83,181		38,69,260
v Repairs to Machinery	20,97,856		24,63,841
vi Repairs to Other Assets	5,18,576		11,03,930
vii Banquet Expenses	16,75,447		18,86,783
viii Linen and Uniform Washing	23,68,752		19,72,919
ix Recreational Expenses	3,75,500		2,55,000
x Commission to Travel Agents	13,35,589		1,69,842
xi Operating Fees	1,06,13,983		83,24,080
xii License fees	15,00,000		—
Total		4,64,78,742	4,19,16,408
Total Operating Expenses		7,98,64,184	7,25,54,180
2. GENERAL EXPENSES			
i Rent, Rates and Taxes	25,50,123		21,70,216
ii Insurance	5,88,599		6,63,837
iii Advertisement and Publicity	49,41,416		56,15,168
iv Printing and Stationery	8,86,014		6,57,853
v Passage and Travelling	15,58,957		13,30,457
vi Telephones, Telex, Postage and Telegrams	28,72,696		31,82,826
vii Collecting Agents Commission	—		9,65,915
viii Garden Expenses	12,82,008		15,46,729
ix Corporate Services	39,02,650		15,98,582
x Other Expenses	38,83,019		34,59,273
xi Bad & Doubtful Debts	10,80,936		11,79,205
Total General Expenses		2,35,46,418	2,23,70,061
3. DIRECTORS' REMUNERATION		12,77,692	8,45,686
4. TOTAL (1+2+3)		10,46,88,294	9,57,69,927

Schedules forming part of the Accounts for the year ended 31st March, 2005

SCHEDULE '8' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. ACCOUNTING POLICIES :

1. ACCOUNTING STANDARDS

The Financial Statements have been prepared on the basis of historical cost convention following the accrual system of accounting.

2. FIXED ASSETS

Fixed Assets are stated at cost less accumulated depreciation. None of the Assets were revalued during the course of the year.

3. DEPRECIATION

Depreciation on Fixed Assets is provided on the Straight Line Method in accordance with the provisions of Section 205(2)(b), at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

4. INVENTORIES

Inventories of Stores, Operating Supplies and Food and Beverages are valued at lower of cost or net realisable value. Cost is determined on weighted average basis.

5. RETIREMENT BENEFITS

(i) Provident Fund : Liability is determined on the basis of contribution as required under the Statute/Rules.

(ii) Gratuity : Liability is determined on the basis of an independent Actuarial valuation made at the year end and is fully funded by the Company.

6. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are recorded at prevailing rates of exchange in force, at the time the transactions are effected. At the year end, monetary items denominated in foreign currency are reported using the closing rates of exchange. Exchange difference arising on foreign currency transactions are recognized as Income or Expense in the period in which they arise.

7. REVENUE RECOGNITION

Revenue (Income) is recognized when no significant uncertainty as to its determination or realization exists.

8. CONTINGENT LIABILITIES

These, if any, are disclosed in the Notes on Accounts. Provision is made in the accounts in respect of those contingencies which are likely to materialize into liabilities after the year end, till the approval of the accounts by the Board of Directors and which have material effect on the position stated in the Balance Sheet.

9. TAXES ON INCOME

Tax expense comprises both current and deferred tax at the applicable enacted rates. Current tax represents the amount of income tax payable/recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.

10. LEAVE ENCASHMENT

The liability on account of leave encashment is determined on the basis of independent actuarial valuation made at the year end.

Schedules forming part of the Accounts for the year ended 31st March, 2005

SCHEDULE '8' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

		Rupees	Previous Year Rupees
B. NOTES ON ACCOUNTS			
1. Contingent Liability not provided for :			
a)	Claims against the Company in respect of arrears of electricity charges not acknowledged as debts.....	3,45,323	3,45,323
b)	Claims against the Company in respect of enhanced property tax by Varanasi Nagar Nigam: For the year 2003-04 Varanasi Nagar Nigam had raised a sudden demand of Rs. 11,86,731/- against which the Company had paid Rs 3,40,058/- as per the norms and filed an objection to the assessment under the Nagar Nigam Rules. Similarly, for the year 2004-05 also Varanasi Nagar Nigam has raised a demand of Rs. 11,86,731/- against which Company has paid Rs. 3,40,058/- as in the earlier year. The total contingent liability amounts to Rs. 16,93,346/- against which an amount of Rs. 8,46,673/- has been paid under protest. The dispute committee of the Nagar Nigam has passed an exparte order confirming the assessment against which the Company has filed a civil suit against the Nagar Nigam in the District Court.....	16,93,346,	8,46,673
c)	Income Tax Matters in dispute : The Department had partially disallowed the claim of the Company u/s 80HHD, in respect of the Assessment Year 1990-91, on the ground that the Income from Room does not constitute 'Services', but is covered under the ambit of 'Rent' and therefore not eligible for deduction under the said section. The Company has been advised legally that no provision for such demand is necessary in the books of accounts. On an appeal filed by the Company against the assessment made for the AY 1990-91, the CIT (A) and ITAT had upheld the views of the Company. However the Department has moved the High Court against the Order of the ITAT. To the knowledge of the Company the department has referred the matter to the High Court for the following years		
	Asstt. Year	Tax demand in dispute (Rs.)	
	1990-91	11,33,010	
	1993-94	16,89,061	
	1994-95	20,57,447	
	1995-96	20,88,814	
	1996-97	55,97,705	
	Following the Assessment Order for AY 1990-91, the Assessing Officer has similarly disallowed the claim u/s 80HHD for AY 2001-02 and has raised an additional demand of Rs. 34,26,532/- which has been contested by the Company in Appeal. Assessments for the AY 2003-2004 and AY 2004-2005 are pending.		
d)	On account of dispute in respect of UP Trade Tax	10,69,834	10,69,834
2.	Commitments on Capital Account not provided for	4,56,000	6,67,555
3. Value of Raw Materials			
a)	Food and Beverage consumed		
	(i) Imported.....	—	—
	(ii) Indigenous.....	1,58,76,622	1,42,14,716
	Total.....	1,58,76,622	1,42,14,716

Schedules forming part of the Accounts for the year ended 31st March, 2005

	Previous Year Rupees	Rupees
b) Stores and Supplies		
(i) Imported	—	—
(ii) Indigenous	33,33,296	36,98,441
Total	33,33,296	36,98,441
4. Value of Imports (CIF) Capital Items	8,57,333	23,40,135
5. Expenditure in Foreign Currency	13,05,748	62,312
6. Earnings in Foreign Exchange :		
As reported by the Company to the Department of Tourism and certified by the Management and verified by the Auditors	9,94,22,831	7,68,42,177
7. Exchange difference reflected as part of the Profit and Loss Account for the year under review is		
a) Exchange Gain	17,557	9,270
b) Exchange Loss	2,758	533
8. Remuneration to Auditors :		
(I) Statutory Auditors		
a) As Audit Fees	1,10,200	1,08,000
b) For Tax Audit	27,550	27,000
c) For other matters (Certificates etc.)	16,940	11,880
(II) Internal Auditors		
a) As Audit Fees	1,20,118	95,040
9. Managerial Remuneration		
Computation of Net Profit as per Section 349, read with Sections 198 and 309(5) of the Companies Act, 1956.		
a) Profit as per Profit and Loss Account	4,13,13,458	2,73,43,844
b) Add : Directors' Remuneration (Commission)	12,77,692	8,45,686
c) Net Profit for the Year	4,25,91,150	2,81,89,530
d) Commission to Directors @3%	12,77,692	8,45,686
10. According to the information available with the Company, no amount is overdue and outstanding at the close of the year (Previous Year Rs. NIL) payable to Small Scale and Ancillary Industrial Undertakings as defined by the Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993. Consequently, no provision (Previous Year Rs. NIL) in respect of Interest Payable on Delayed Payments as required by the said Act is considered necessary.		
11. Expenditure on account of the undermentioned accounts are after adjusting recoveries from the third parties as under :		
i) Food and Beverage Consumed	66,749	41,137
ii) Fuel, Power and Light	5,35,338	1,57,918
iii) Electrical Repairs	8,14,794	8,82,612
iv) Repairs to Building	1,95,834	2,12,132
v) Repairs to Machinery	1,95,834	2,12,132
vi) Repairs to Other Assets	62,912	68,150
vii) Rents, Rates and Taxes	44,252	26,400
viii) Other Expenses	15,534	2,058

Schedules forming part of the Accounts for the year ended 31st March, 2005

SCHEDULE '8' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

		Rupees	Previous Year Rupees		
12.	As the turnover of the Company is in respect of Food and Beverage, it is not possible to give quantity-wise details of the turnover. Vide order No. 46/85/2005-CL-III dated 28th March, 2005 issued by the Department of Company Affairs, the Company has been exempted from giving these particulars for the year 2004-2005 subject to certain disclosures.				
13. a)	Income from Rooms, Restaurants & Other Services includes:				
	i) Income from Sale of Wine, Beer & Spirits	93,11,120	74,05,331		
	ii) Income from Telephone and Telex	13,67,139	27,24,708		
b)	Food and Beverages (excluding Wine and Liquor) and Smokes consumed				
	i) Opening Stock	4,63,254	3,59,789		
	ii) Add : Purchase	1,31,56,976	1,22,81,134		
	iii) Less : Closing Stock	3,66,559	4,63,254		
	iv) Consumption	1,32,53,671	1,21,77,669		
c)	Food and Beverage consumed includes Wine and Liquor as follows :				
	i) Opening Stock	7,92,551	4,70,419		
	ii) Add : Purchase	25,65,476	23,59,179		
	iii) Less : Closing Stock	7,35,076	7,92,551		
	iv) Consumption	26,22,950	20,37,047		
14. i)	The Company's business consists of its hotel operations only and hence no separate information for segment-wise disclosures under Accounting Standard on 'Segment Reporting' (AS-17), issued by the Institute of Chartered Accountants of India, is given.				
14. ii)	The Company has written off assets on account of impairment loss based on WDV as on 31.3.2005 amounting to.....	6,54,550			
15. a)	Details of transactions with related parties during the year :				
i)	Nature of Transactions	Promoter Company with significant influence	Associate Company	Key Management Personnel	Total (Rupees)
	Receiving of Services	85,14,976 (67,99,588)			85,14,976 (67,99,588)
	Consultancy Services received	1,09,88,917 (83,24,080)			1,09,88,917 (83,24,080)
	Deputed Personnel Expenses	39,10,360 (36,26,647)			39,10,360 (36,26,647)

Note : Figures in brackets are for the previous year.

Schedules forming part of the Accounts for the year ended 31st March, 2005

Previous
Year

Rupees Rupees

ii) The Company entered into a licence agreement on a revenue sharing basis with the Owners of the Nadesar Palace in Varansasi and the land on which the palace is situate. The property licensed to the Company is owned by Dr. Anant Narain Singh, and by two private limited companies and a Trust in which Dr. Anant Narain Singh is a director and a trustee respectively. Under the terms of the agreement an amount of Rs. 15 Lacs is payable in Quaterly Instalments.

iii) The Company is a Board managed Company and there have been no transactions with the Directors except for Note 15a)(ii) above and remuneration referred to in Note 9.

b) Names of related parties and description of relationship :

Name	Nature of Relationship	Balance payable as at 31st March, 2005	Balance payable as at 31st March, 2004
		(Rupees)	(Rupees)
The Indian Hotels Company Limited	Benares Hotels Limited is an Associate of The Indian Hotels Company Limited.	(13,17,668)	1,16,931

c) There is no provision for doubtful debts or amounts written off or written back during the year for debts due from or to related parties.

16. Earnings per share is calculated by dividing the profit attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year as under :-

Profit after tax	2,72,69,000	1,80,71,031
Weighted average number of equity shares outstanding during the year (nos.)	13,00,000	13,00,000
Earnings per share (basic/diluted).....	20.98	13.90
Nominal value per share	10.00	10.00

17. Components of deferred tax assets and (liabilities) as under :

- Depreciation	(1,56,31,227)	(1,64,85,496)
- Deferred Revenue Expenditure	0	4,58,226
- Provision for Doubtful Debts.....	8,60,206	5,30,664
- Provision for Leave Encashment.....	1,96,224	2,15,608
TOTAL	(1,45,74,797)	(1,52,80,998)

18. Previous Year's figures have been regrouped wherever necessary to conform to the current year's presentation.

Schedules forming part of the Accounts for the year ended 31st March, 2005

SCHEDULE '8' — ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

19. INFORMATION PURSUANT TO PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile

1. Registration Details

Registration No. :	3480	State Code :	20
Balance Sheet Date :	31.03.2005		

2. Capital Raised During the Year (Amount in Rs. Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	1,62,477	Total Assets	1,52,432
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Sources of Funds

Paid-up Capital	13,000	Reserves & Surplus	1,33,476
Secured Loans	Nil	Unsecured Loans*	1,426

Deferred Tax Liability	14,575
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Application of Funds

Net Fixed Assets	91,967	Investments	10,045
Net Current Assets	60,465	Misc. Expenditure	—
Accumulated Losses	—		

* (Includes Security Deposits of Rs. 1,426 thousand)

4. Performance of Company (Amount in Rs. Thousands)

Turnover	1,53,217	Total Expenditure	1,11,904
Profit before Tax	41,313	Profit after Tax	27,269
Earnings per share in Rs.	20.98	Dividend %	85%

5. Generic names of Principal Product/Services of the Company (As per Monetary Terms)

Item Code No. (ITC Code)	—	Services Description	Hoteliering and Catering
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Signatures to Schedules 1 to 8

As per our Report attached
For N. KRISHNASWAMY & Co.
Chartered Accountants

N. KRISHNASWAMY
Partner

Date : 26th May, 2005
Place : Mumbai

For and on behalf of the Board

DR. ANANT NARAIN SINGH Chairman
JAMSHED DABOO Director

P. K. BHATIA Company Secretary

BENARES HOTELS LIMITED
Thirty Fourth Annual Report 2004-05

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2005

	2004-05		2003-04	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax and Extraordinary items		4,13,13,458		2,73,43,844
Adjustments for :				
Depreciation	72,15,445		67,28,518	
(Profit)/Loss on Sale of Assets	6,54,550		—	
Provision for Doubtful debts	10,80,936		—	
Dividend from Mutual Fund shown separately	(2,10,015)		—	
(Interest received) Shown separately	(31,92,604)	55,48,312	(29,99,811)	37,28,707
Operating Profit before Working Capital Changes		4,68,61,770		3,10,72,551
Adjustments for :				
Trade and Other Receivables	(67,27,343)		(10,79,734)	
Inventories	1,70,335		(7,63,421)	
Trade Payables	34,29,110	(31,27,898)	17,87,514	(55,641)
Cash Generated from Operations		4,37,33,872		3,10,16,910
Direct Taxes paid		1,21,67,965		74,04,588
NET CASH FROM OPERATING ACTIVITIES		3,15,65,907		2,36,12,322
B. CASH FLOW FROM INVESTING ACTIVITIES				
Additions to Fixed Assets	(68,54,736)		(1,20,94,083)	
Sale of Fixed Assets	—		—	
Interest Received	45,88,949		40,12,191	
Dividend Received	2,10,015		—	
Investment in Mutual Funds	(1,00,44,669)		—	
Deposits with Other Companies	(2,00,00,000)		40,00,000	
NET CASH USED IN INVESTMENT ACTIVITIES		(3,21,00,441)		(40,81,892)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Dividend+Dividend Tax Paid	(1,17,32,500)		(1,07,45,109)	
NET CASH USED IN FINANCING ACTIVITIES		(1,17,32,500)		1,07,45,109
NET INCREASE IN CASH AND CASH EQUIVALENTS		(1,22,67,034)		87,85,321
CASH AND CASH EQUIVALENTS Opening 1st April		5,14,49,111		4,26,63,790
CASH AND CASH EQUIVALENTS Closing 31st March		3,91,82,077		5,14,49,111

AUDITORS' CERTIFICATE

We have examined the above Cash Flow Statement of Benares Hotels Limited for the year ended 31st March, 2005. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement with Mumbai Stock Exchange and is based on and is in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our Report dated 26th May, 2005 to the Members of the Company.

As per our Report attached
For **N. KRISHNASWAMY & Co.**
Chartered Accountants

N. KRISHNASWAMY
Partner

Date : 26th May, 2005
Place : Mumbai

For and on behalf of the Board

DR. ANANT NARAIN SINGH Chairman

JAMSHED DABOO Director

P. K. BHATIA Company Secretary

FINANCIAL STATISTICS

(Rs./Lacs)

YEAR	CAPITAL ACCOUNTS										REVENUE ACCOUNTS										Dividend end %	
	Capital	Reserves & Surplus	Borrowing	Deferred Taxes	Fixed Assets		Investments	Net Current Assets	Misc Expenses	Gross Revenue	Expenditure (including Interest)	Depreciation	Profit before Extraord. Items & Taxes	Taxes	Adjustments	Profit After Taxes	Adjustments	Net Transfer to Reserves	Dividend end	Tax on Dividend		Rate of Dividend
					Gross Block	Net Block																
1989-90	130.00	28.54	223.51		354.89	233.57	—	148.48	—	293.01	222.09	18.93	51.99	3.10	—	48.89	—	38.49	10.40		8%	
1990-91	130.00	44.85	218.63		502.44	363.19	—	30.29	—	285.11	237.94	20.47	26.70	—	—	26.70	—	16.30	10.40		8%	
1991-92	130.00	125.83	181.95		528.47	360.75	—	77.03	—	421.79	286.34	28.46	106.99	—	—	106.99	—	80.99	26.00		20%	
1992-93	130.00	181.24	145.70		572.99	375.23	—	81.71	—	421.09	309.84	30.52	80.73	(0.67)	—	81.40	—	55.40	26.00		20%	
1993-94	130.00	231.84	101.98		617.92	389.34	—	74.48	—	462.66	343.17	32.89	86.60	10.00	—	76.60	—	50.60	26.00		20%	
1994-95	130.00	284.46	79.46		639.16	377.10	—	116.82	—	516.45	382.22	34.11	100.12	8.50	—	91.62	—	52.62	39.00		30%	
1995-96	130.00	427.78	48.94		689.27	390.25	—	216.47	—	755.19	498.42	36.95	219.82	18.00	—	201.82	—	143.34	58.50		45%	
1996-97	130.00	616.01	9.88		740.91	487.35	—	268.54	—	904.31	595.56	33.73	275.02	35.50	—	239.52	34.51	188.23	78.00	7.80	60%	
1997-98	130.00	781.67	9.74		785.85	498.88	—	422.53	—	985.31	668.39	35.96	280.96	29.50	—	251.46	—	165.66	78.00	7.80	60%	
1998-99	130.00	981.38	9.74		985.85	661.34	—	459.78	—	1,083.29	716.74	46.65	319.89	33.60	—	266.29	—	199.71	78.00	8.58	60%	
1999-00	130.00	1,161.94	9.74		1,032.95	661.53	—	640.16	—	1,105.09	736.19	48.19	320.70	37.71	+5.79	298.78	—	180.58	97.50	10.73	75%	
2000-01	130.00	1,313.88	12.97		1,123.18	706.71	—	691.59	58.54	1,252.47	865.18	47.09	340.20	54.00	(5.32)	280.88	—	151.94	117.00	11.93	90%	
2001-02	130.00	1,106.06	12.97	141.16	1,282.28	812.41	—	577.78	—	936.29	776.22	55.17	104.90	32.50	—	72.40	—	(25.10)	97.50	—	75%	
2002-03	130.00	1,124.68	12.97	145.08	1,411.13	876.48	—	536.25	—	1,104.34	857.04	64.77	182.54	53.92	—	128.62	—	18.62	97.50	12.49	75%	
2003-04	130.00	1,188.07	12.97	152.81	1,530.16	929.83	—	554.02	—	1,298.42	957.70	67.29	273.44	92.73	—	180.71	—	63.39	104.00	13.33	80%	
2004-05	130.00	1,334.76	14.26	145.75	1,518.08	919.67	—	604.65	—	1,532.17	1,046.88	72.16	413.13	140.44	—	272.69	—	272.69	110.50	15.50	85%	

